

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

EC 7A9
Copy 4

Agricultural Situation

OCTOBER 1956

Vol. 40, No. 10

Agricultural Marketing Service
U. S. Department of Agriculture

COTTON, WHEAT, AND RICE STOCKS MAY BE REDUCED

The build-up in stocks of cotton, wheat, and rice is likely to be reversed in the 1956-57 marketing year, but another increase is expected for feed grains. The big factors in halting the increase in carryovers of wheat, rice, and cotton are acreage allotments and marketing quotas, and Government export programs.

A big jump in exports and an estimated 11 percent smaller crop than in 1955 feature the cotton outlook. With CCC owned cotton being sold abroad at competitive prices, we are likely to ship at least twice as much cotton as in 1956-57 as the 2.2 million bales exported in 1955-56. Domestic use is likely to hold close to 9.2 million bales.

Total disappearance probably will exceed the 1956 crop, estimated at 13 million running bales in early September. This would pull down the carryover next August 1 below the record 14.5 million bales on hand last August.

The build-up in wheat stocks was nearly halted during 1955-56. The carryover at the end of the marketing year was only 4 million bushels larger than at the beginning. This was the first year since 1952-53 that the carryover failed to increase substantially.

No further increase is in prospect for wheat in 1956-57. In fact, a small decline is possible. Although the crop this year is estimated as of September 1 at 3 percent more than in 1955, increased exports are likely to boost disappearance at least as much. And, in 1957-58, a substantial reduction in carryover is likely because of the Soil Bank.

Practically all the rice now owned by CCC has recently been committed or programed for export, and this will greatly reduce the carryover on August 1, 1957. The carryover on August 1, 1956, was estimated at 34.6 million hundred-weight compared with 1½ million in 1953.

Feed grain carryover is likely to continue to rise in 1956-57. Total production, estimated at 125 million tons, is down 4 percent from 1955, but slightly fewer animals will be on hand for feeding. Supply appears sufficient to meet feeding requirements and leave a larger carryover October 1, 1957, than the record 44 million tons estimated for October 1 this year. Stocks have increased each year since 1952 when they totaled 20.2 million tons.

MORE MOLASSES USED ON FEED

	Page
Cotton, Wheat, And Rice Stocks May Be Reduced_	1
More Molasses Used On Feed_____	2
Feed Supply Plentiful_____	3
Inspection Aids Poultry Farmers_____	4
"Bert" Newell's Letter_____	6
Rates Given For Soil Bank Certificates_____	7
Avoid Losses From Forced Marketings_____	7
Dairy Farming Changes____	8
Clover Seed Less Than Last Year _____	10
General Outlook_____	11
Marketing Margins On Eggs_	12
Fats And Oils Supply About Same As Last Season____	14
Farmers' Income_____	15
Plentiful Foods_____	16

Permission Is Given To Reprint
Articles In This Publication

Editor: Jack L. Flowers
Assistant: Marcelle Masters

Use of molasses as livestock feed is increasing, according to a marketing research report by the U. S. Department of Agriculture.

Relatively satisfactory prices for molasses compared with other feeds have encouraged feeders to mix molasses with low-value roughages, thereby increasing the palatability and digestibility of such low value feeds as corn-cobs, straw, and cotton stalks and hulls.

The extent to which feeders were able to reduce feed costs by mixing molasses with other feeds was dependent largely on the size of their feeding operations and the volume of bulk molasses that could be diverted at one time. Improved appearance of animals being fed molasses was mentioned frequently by feeders.

The problem of supplying molasses to feeders in remote areas is an obstacle to further expansion of the markets. Inadequacy of handling, storing, and feeding facilities, particularly with the smaller feeders, is a deterrent to the use of molasses.

This lack of adequate facilities and the distance from supply centers increases transportation and handling costs to a point where they have made use of the product uneconomical. The report suggests suitable ways for handling and storing molasses that might encourage its use by small-scale operators.

A copy of Marketing Research Report No. 132, "Marketing Molasses for Livestock Feed", may be obtained from the Office of Information, U. S. Department of Agriculture, Washington 25, D. C.

The Agricultural Situation is sent free to crop, livestock, and price reporters in connection with their reporting work.

The Agricultural Situation is a monthly publication of the Agricultural Marketing Service, United States Department of Agriculture, Washington, D. C. The printing of this publication has been approved by the Director of the Bureau of the Budget (January 16, 1956). Single copy 5 cents, subscription price 50 cents a year, foreign 70 cents, payable in cash or money order to the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.

TOTAL FEED SUPPLY FOR SEASON

ABOUT EQUALS 1955-56 RECORD

The total feed grain production was estimated as of September 1 at 125 million tons, only 4 percent below the big crop of last year.

With larger carryover stocks on hand, the total supply of feed concentrates for the 1956-57 feeding year, including grains and byproduct feeds, is estimated at 196 million tons, practically equal to the record supply in 1955-56.

Corn Up; Others Down

The corn supply for 1956-57 was estimated in early September at 4,537 million bushels, which would be 265 million more than the record supply last year and 657 million above the 1949-53 average. The U. S. carryover on October 1 is expected to total around 1.2 billion bushels, which would be about 170 million bushels above the record carryover of last year.

Total corn consumption in 1956-57 season probably will at least equal, if not exceed, the 1955-56 disappearance which is expected to total close to 3.1 billion bushels.

Although a record supply of corn is in prospect for the coming year, supplies of the other 3 feed grains are all smaller than last year, mostly as the result of smaller 1956 crops.

Acreages of oats, barley and sorghum grains harvested this year will be smaller than in 1955, partly as a result of the diversion of some acreage in these crops to the Soil Bank program.

Based on indications in September, supplies of oats in 1956-57 will be down about 16 percent from last year, barley down 9 percent, and sorghum grains down 23 percent.

The oats supply for the current season was estimated in September at about 1,522 million bushels, nearly 300 million bushels less than the record supply of last year and a little below the 1949-53 average.

A record carryover of oats of about 347 million bushels was on hand July 1 from last year's big crop. But the 1956 oat crop of 1,155 million bushels is about 344 million bushels below the big crop harvested last year and except for 1953 is the smallest in 13 years. Imports of oats are expected to be larger this year than in 1955-56 as a result of the smaller crop and higher prices in this country and the big supply in Canada.

The smaller supply of oats this year is expected to result in somewhat smaller consumption than the 1,458 million bushels in 1955-56 and a substantially smaller carryover on July 1, 1957.

The barley supply for 1956-57 was estimated in September at 510 million bushels, 48 million less than the record supply last year, but 153 million more than the 1949-53 average. The carryover of 115 million bushels was 16 million bushels below the record of last year.

Sorghum Grain Crop Down

The 1956 sorghum grain crop was estimated in September at 163 million bushels, 32 percent less than the record 1955 crop, but 9 percent above the 1949-53 average. The smaller crop than last year was largely the result of smaller acreage for harvest and lower yields in the major producing States of Texas, Oklahoma, and Kansas, where dry weather has cut growth of the crop and some land which normally would be used for sorghum grains has been diverted to the Soil Bank program.

The carryover of sorghum grains on October 1 is expected to exceed the 74 million bushels carried over a year ago. Based on these prospects, the supply of sorghum grains this year will total around 243 million bushels, 72 million bushels below the record supply of last year.

Malcolm Clough
Agricultural Economics Division, AMS

INSPECTION AIDS POULTRY FARMERS



Poultry and egg production today is not only a big business, but a rapidly growing one, providing the third largest source last year of farm income—approximately 3½ billion dollars.

A factor in the growth of the poultry business perhaps not often considered by the farmer is the USDA poultry inspection service.

Consumer Aid

Begun nearly 30 years ago as a marketing aid for producers and processors, the inspection service has now become recognized as important to consumer protection—and as a substantial contributor to the spectacular increase in poultry consumption.

But the increase in consumer confidence and demand is not the only benefit to the poultry producer. Federal inspection and the research resulting from it helps to curtail poultry disease in flocks. Production costs are cut when poultry farmers can control causes of infection and improve conditions on their farms.

If there is any doubt that the processor of poultry regards the USDA inspection service as a valuable asset, consider this—in the first 6 months of this year, the poundage of poultry processed under the eyes of Federal poultry inspectors increased by 53 percent over that of the same period a year ago.

The inspection service is a voluntary program which the processor must request. He must not only pay a fee to defray the costs of inspection but must meet strict requirements as to building construction, equipment and sanitation before his plant is granted inspection service.

Highly trained veterinary inspectors, or inspectors under the direct supervision of veterinarians, examine each bird which moves down the production

line. A careful check is made of each individual carcass, externally and internally, including a thorough examination of the viscera, before that bird is given the little round mark of approval stating that it has been "Inspected for Wholesomeness by U. S. Department of Agriculture."

Only ready-to-cook poultry can carry this inspection mark since it is necessary to examine the poultry viscera before the bird's wholesomeness can be guaranteed. After inspection, poultry may be graded for quality if processors wish to make use of another USDA service. This, too, can benefit the poultry producer who sells high-quality birds.

The poultry inspection service also provides supervision for processed poultry products which are made from previously inspected poultry. These items, including the highly popular frozen chicken and turkey pies, carrying the assurance of the U. S. inspection label, have done a great deal to expand the poultry market.

Consumers who buy inspected poultry or processed poultry products bearing the inspection mark can be sure that their poultry meat comes from healthy birds processed in sanitary surroundings and that it is labeled truthfully.

Value Has Tripled

In the nearly 30 years since the inception of the USDA poultry inspection service, per capita consumption of poultry in this country has almost doubled and the cash value of poultry marketed has more than tripled. This is a trend that the farmer naturally wants to see continued. There is every reason to believe that it will be as long as the consumer has continued confidence in the product.

Roy E. Willie, *Chief, Inspection Branch,
Poultry Division, AMS*



MAKING SURE—U. S. Department of Agriculture poultry inspectors check the condition of live birds as they come from the farm. During the evisceration process, the inspector makes a thorough examination of the bird to make sure that it is worthy to bear the U. S. "Inspected for Wholesomeness" mark.

"Bert" Newell's Letter

Years ago one of my uncles went off to the big city to make his fortune, and he did a pretty good job of it too. It was a great occasion when he came home for a visit. He didn't try to impress anybody with his importance but mostly just seemed to have a thoroughly good time just being with home folks, and seeing to it that everybody else had fun too. He was a man of some importance in his field and dealt in the big markets of the world. But he didn't fit the picture I had conjured up in my mind of the big businessman. He didn't seem to have ice water in his veins. As a matter of fact, he seemed to like everybody, and everybody seemed to like him. I know of times when he went way out of his way to give some folks he hardly knew a lift.

As time has gone on, I have come to know some of the men who operate in our big markets and I find a good many of them are just like my uncle. Some of them call me up from time to time and, from the way they ask questions about crops, livestock, farm prices, and so on, I have a strong suspicion that some of them at least have a pretty close tie back to the farm. Anyway, they seem just as concerned about farm conditions and crop prospects as farmers themselves.

There is a good reason for their interest. This marketing system of ours is a pretty complicated bit of machinery. It takes a lot of doing to get farm products from the farm to Mrs. Housewife in the big city. There have to be markets of several different kinds. And if a market does not operate efficiently, it costs everybody—the farmer, the handler, the processor, and the consumer a lot of extra money. So, it is of interest to everybody to have efficiently operated markets and it is a well-known fact that uncertainty increases marketing cost.

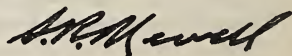
I had a very down-to-earth lesson in this matter a number of years ago when, as county agent, I tried to help some

of my farmers market their turkey crop. When I approached the buyer for a big organization, the very first question he asked was, "How many and what kind do you have, and how and when can you deliver them." I honestly didn't know exactly how many I could deliver at any specific time and obviously the buyer couldn't make any deal with me until he knew what he could count on.

That, I realize, is an oversimplified example but it illustrates a basic principle. Multiplied many times, it is what we are all up against when we start to market with our farm products. It is, of course, tremendously important that you have the best information you can get on the total supply situation, but it is also important that the dealer, the handler, or processor, and others in the market have reliable information too. Without that information the element of risk is magnified many times and the market cannot operate efficiently. And you are vitally interested in efficient market operation.

So, naturally the businessmen operating in the big markets are vitally concerned with the many reports provided through the Crop Reporting Board and the Agricultural Estimating Service. Many of these men are voluntary reporters too, and provide much valuable information that assists materially in making the reports more complete and more accurate for everybody concerned.

So, I get back to my original thought ~~that~~ a great many of these men operating in our big market centers are just plain folks like the rest of us. I was convinced of that recently when a series of letters appeared in one of the big and prominent financial papers. A big to-do was kicked up over a formula for pot likker. When I saw the big furore kicked up by a bunch of financial tycoons over such a homely subject, I decided that all of use are concerned mostly trying to do our jobs in a way that will make our American system of private enterprise work.



S. R. Newell
Chairman Crop Reporting Board, AMS

Rates Listed For Soil Bank Farmers

Soil Bank certificates earned by farmers for reducing acreages below farm allotments of wheat and rice or corn base acreages will be valued at 105 percent of their cash value when exchanged for grains in the Commodity Credit Corporation inventory or when used to redeem grain they have put under price support loans.

For exchange purposes, the value of the CCC-owned grain will be set at the current support price for the grade, class, and location of the grain. The certificates may also be redeemed for cash at 100 percent of face value.

CCC-owned grain exchanged for certificates will be made available through the facilities of warehouses operating under CCC's Uniform Grain Storage Agreement. The grain will be delivered at local warehouses or terminal elevators depending on its availability and the wishes of producers.

CCC Stocks Locations

CCC will not undertake to supply grain at locations other than where CCC has stocks. The certificates may be used in part or in whole for the purchase of CCC grain or for redeeming farm- or warehouse-stored grain under price-support loans.

In exchanging for CCC-owned grain, certificates earned by reducing wheat acreage may be exchanged for wheat, barley, rye, oats, or grain sorghums but not for the other two basic grains, corn and rice. The same type of exchange limitation will apply to certificates earned by reducing corn or rice acreages.

For example, corn certificates may be used to obtain corn, barley, rye, oats, or grain sorghum but not rice or wheat. Rice certificates may be used to obtain rice, barley, rye, oats, or grain sorghum but not corn or wheat. The same procedure applies to the redemption of

grains under price-support loans by use of certificates.

Grains will not be available during harvest periods. CCC will not exchange a particular grain for certificates during the harvest season for that grain in the area. This harvesting limitation will also apply to redemption of grain under loan by use of certificates. This provision is designed to furnish maximum protection to prices during heavy marketing periods.

Avoid Losses From Forced Marketings

With a large volume of farm products in sight to market, farmers are urged to protect their prices by orderly marketing to avoid price-depressing market supplies and to make full use of the price support programs on their commodities.

Undersecretary of Agriculture True D. Morse also advises farmers to push ahead vigorously now to assure themselves of adequate storage for housing their 1956 crops, and thus prevent losses that can come from forced marketing.

Drought Areas

The principal dark spot centers in the central and southern Great Plains area because of severe drought conditions. Lack of rain in Texas, New Mexico, Kansas, Oklahoma, Colorado, and in parts of Arizona, Nevada, Utah, and South Dakota has brought about serious pasture and crop damage and loss of production.

The USDA has in effect various programs designed to aid ranchers and stockmen in stricken areas maintain their basic, breeding livestock herds. This drought aid program will be actively carried forward. It includes credit programs, cost-share conservation projects, emergency Soil Bank acreage reserve grazing, and a feed grain program that enables eligible farmers to buy feed at reduced cost.

"BOSSIE" GIVES MORE MILK

AS DAIRY FARMING CHANGES

Production of milk per cow will exceed 6,000 pounds this year for the first time. It reached 5,000 pounds only as recently as 1947.

The increase in rate of production again is more than offsetting the slight decline in milk cow numbers this year, and total milk output will be at least 127 billion pounds.

Long Term

Several long-term changes in dairy farming are underway which are tending to increase milk production per cow.

They include production of better pastures and roughage, better milking methods, and continued increases in the rate of grain feeding.

Prices received by farmers for milk are increasing seasonally and are likely to continue above a year earlier through the rest of 1956. The gain over a year ago reflects higher prices for both fluid and manufacturing milk.

For the first 8 months of 1956, the whole milk price averaged \$4.00 per hundredweight compared with \$3.87 in the same period of 1955. With production also higher, cash receipts from the sale of dairy products in 1956 will be up about 10 percent from 1955 but because of higher production costs, net income will show a smaller increase.

Prices of feeds and some other livestock items also have risen. The milk- and butterfat-feed price ratios have been less favorable in the last several weeks than last fall and winter, though the milk-feed price ratio continues slightly above average for the time of year. Dairy prices also continue above average relative to hog prices.

Production of milk has been above a year earlier in each month since April 1955. In the first 8 months of 1956, output totaled 89.8 billion pounds, an increase of 3 percent over the 87.0 billion pounds of January-August 1955.

The retail price of fluid milk is well above a year earlier. But with expand-

ing consumer incomes, total purchases of whole milk in markets for which data are available, have averaged 2.6 percent above a year earlier in the first 7 months of 1956.

The number of milk cows in the United States declined about 1 percent in the 12 months ending with June 1956, the third consecutive year in which the number declined.

The June 1956 total of 20,998,000 milk cows was 700,000 or 3.2 percent less than June 1953. In the past year, all regions of the country showed declines except the North Atlantic which has shown an increase each year since 1951.

The major part of the net reduction in number of cows since the peak in 1944 occurred by 1950. Reasons for the decline in milk cow numbers vary among areas. In general, however, the lower dairy prices relative to other farm products between 1944 and 1950 were an important consideration. Changes since 1950 have been relatively minor.

The number of milk cows on farms is being influenced by both the usual price relationships and, to an increasing extent in recent years, by technological changes occurring in dairy farming.

In the past year, price relationships between milk and feed have been more favorable than average for dairy farmers. At the same time dairy prices showed considerable improvement relative to other enterprises as compared with relationships which existed for several years prior to last year. These conditions probably were instrumental in slowing down the rate of decline in cow numbers.

Larger Herds

Technological changes are influencing cow numbers in both directions. On the one hand, they are tending to increase the number by enabling individual farmers to keep more cows.

Fact is, in order to take full advantage of the technological gains, a larger herd must be kept in most cases.

On the other hand, adoption of the new methods usually entails substantial capital investments and a number of dairymen are discontinuing dairying rather than embarking on a capital expansion program.

From April 1950 to November 1954, the number of farms with milk cows declined an average of 4 percent per year, a total of 20 percent. In the same period, the decline in milk cows, reflecting price relationships as well, was only 5 percent. The transition to the larger scale frequently means better care for the cows and almost without exception will lead to increased volume of milk per farm.

The average price received by farmers for milk cows has increased generally since last winter and in May

through August was the highest since early 1954.

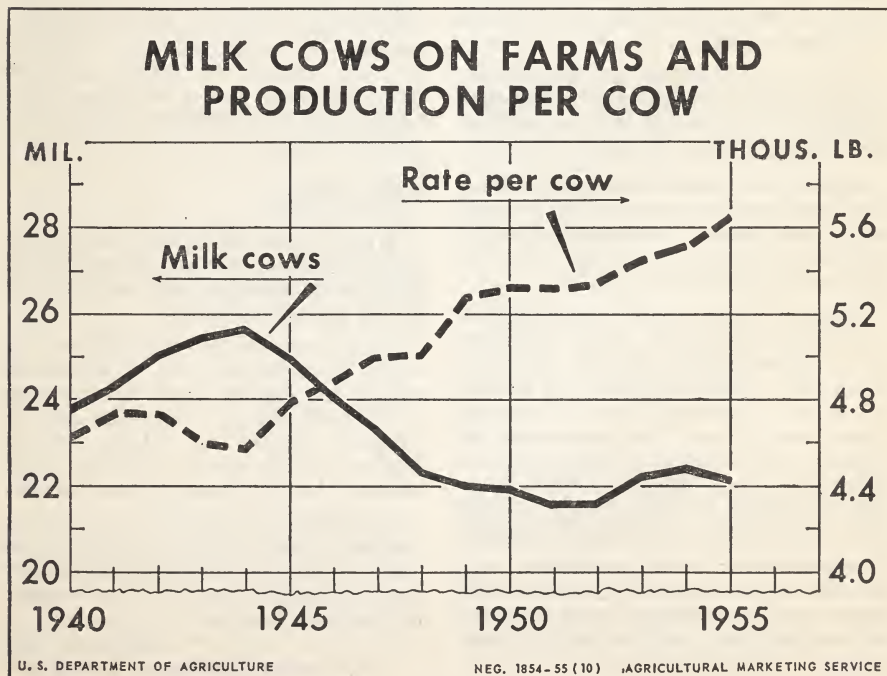
Consumption of milk in fluid form has continued to show increases during 1956. For the first 6 months in 1956, sales of whole milk in Federal order marketing areas were 3.4 percent greater than a year earlier, with June showing an increase of 4.5 percent. But July dropped 1.9 percent.

Sales of milk-and-cream mixtures in the first half of 1956 totaled 10 percent greater than a year earlier, but sales of fluid cream were 3 percent smaller.

Sales of skim milk products in certain Federal order markets continued to show increases, but the rate of increase was much smaller than in other recent years. In January-June 1956, sales of these products per day were 5 percent greater than a year earlier.

Herbert C. Kriesel

Agricultural Economics Division, AMS



Clover Seed Less Than Last Year

Sweetclover seed production this year is forecast at one-third smaller than last year and 28 percent below the 1945-54 average.

Alsike-clover seed production this year is estimated to be the smallest of record, 6 percent less than the 1955 production and one-third below average.

White-clover seed production this year is forecast at 31 percent less than last year and 11 percent smaller than average.

Ladino-clover seed is indicated at slightly larger than last year but 6 percent smaller than average.

Sweetclover

Sweetclover seed production is forecast at 32,412,000 pounds of clean seed as compared with 48,602,000 pounds last year and the average of 44,832,000 pounds. This would be the smallest crop since 1945.

An estimated 208,000 acres of sweetclover will be harvested for seed in 1956 compared with 256,000 acres in 1955 and the 10-year average of 290,090 acres.

Imports of sweetclover-seed during the year ended June 30, 1956, totaled 12,699,500 pounds, compared with 10,901,000 pounds a year earlier and the average of 14,847,500 pounds.

Farmer-owned stocks of sweetclover-seed on June 30, 1956, were estimated at 8,588,000 pounds, double the farm stocks of a year ago and the largest since 1951. Current supply of this seed (1956 production plus carry-over by growers and dealers on June 30, 1956) is estimated at 55,383,000 pounds, compared with 59,620,000 pounds in 1955 and the average of 56,379,500 pounds.

Alsike-clover seed production this year is forecast at 9,260,000 pounds of clean seed as compared with 9,864,000 pounds last year and the 1945-54 average of 14,209,000 pounds.

Imports of alsike-clover seed for the year ended June 30, 1956, totaled 3,475,200 pounds, compared with 2,411,600 pounds last year and the average of 1,670,260 pounds.

Exports of alsike-clover seed for the year ended June 30, 1956, are estimated at 70,000 pounds, compared with 538,662 pounds last year and the average of 1,497,402 pounds.

Estimated supply of alsike-clover seed for the 1956-57 season, exclusive of imports but including 1956 production and June 30 stocks held by dealers and growers, is 15,367,000 pounds. This is 5 percent larger than the 1955-56 supply but 13 percent less than average.

Ladino-clover seed is indicated at 4,900,000 pounds as compared with 4,828,000 pounds last year and the 1945-54 average of 5,189,000 pounds.

Supply of ladino-clover seed (1956 production plus carry-over by farmers and dealers) for the 1956-57 planting season is estimated at 14,811,000 pounds, compared with 16,948,000 pounds a year earlier and the record high supply of 25,525,000 pounds in the 1953-54 season.

White Clover

White-clover seed production is forecast at 3,292,000 pounds, compared with 4,794,000 pounds last year and the average of 3,696,000 pounds.

Carry-over of old white-clover seed by farmers on June 30, 1956, is estimated at 101,000 pounds, compared with 37,000 pounds a year ago and the 10-year average of 104,400 pounds. Dealers carried over 1,758,000 pounds compared with 808,000 pounds last year.

Imports of white-clover seed during the year ended June 30, 1956, totaled 1,454,700 pounds, compared with 1,389,800 pounds last year and the average of 1,042,860 pounds.

George C. Edler
Agricultural Estimates Division, AMS

Total crop output this year was estimated on September 1 to be only slightly below last year. With output of livestock and livestock products running slightly higher than in 1955, the total output of farm products in 1956 may well equal the record of 1955.

Livestock

A seasonal downturn in fed cattle prices is expected this fall because of sizable marketings of short-fed cattle. Total livestock slaughter and meat output for the rest of 1956 will be less than a year before, and though prices will likely drift seasonally downward, they may improve their advantage over a year earlier.

Sheep and lamb slaughter the rest of this year will probably be slightly below the comparable months of 1955. This, together with the relatively stronger prices for other meat animals, points toward sheep and lamb prices this fall continuing a little higher than last fall.

Poultry and Eggs

The large number of broiler chickens now growing and eggs set in incubators indicate that supplies for the remainder of the year will continue about 20 percent larger than in the same months of 1955. Demand for broilers usually declines in the final quarter of the year, but the decline this year may be tempered by the expected somewhat higher prices than last year for red meats. Poultry feed prices, which rose sharply this spring and have since shown further gradual rises, are likely to move seasonally lower in coming weeks.

Fruit

Demand for fruit is expected to continue strong this fall. With production of late-season deciduous fruits generally smaller than a year ago, the level of prices received by growers probably will be at least as high as in the fall of 1955.

Vegetables

Fall potato production prospects improved during August and in early September the crop was expected to be up 5 percent from last year. The sweet-potato crop, as estimated on September 1, is expected to be 22 percent less than last year.

Supplies of the vegetables that make up three-fourths of the fall production are nearly a fifth more plentiful than last year. Production of 8 important vegetables for processing in 1956 is expected to be up about one-third from last year. These vegetables are lima beans, snap beans, beets, sweet corn, green peas, tomatoes, winter and spring spinach, and contract cabbage for kraut.

Tobacco

The 1956-57 total supply of flue-cured tobacco was estimated in early September at 3,555 million pounds, slightly more than a year earlier. As of September 1, burley production was indicated to be 485 million pounds, 3 percent more than last year. Indications for Maryland tobacco production were well above last year's storm-reduced crop. The fire-cured and dark air cured (including sun-cured) production was indicated to be close to that of last year but the cigar filler crop in Pennsylvania may be 10 percent more than in 1955. The September 1 indication for cigar binder production was for a 24 percent reduction below 1955.

Cotton

The supply of cotton in the United States for the 1956-57 marketing year is estimated at about 27.6 million bales. This includes a cotton crop of 13 million running bales estimated as of September 1, a starting carryover of 14.5 million running bales, a preliminary estimate, and imports estimated at 150,000 bales.

SELLING EGGS INVOLVES MANY DIFFERENT HANDLING COSTS

Many producers wonder what is involved in the marketing of eggs sold to consumers as a wholly unprocessed product that makes marketing costs alone amount to nearly 40 percent of the retail prices of large quantities of eggs.

Seeking some of the answers to this, the Agricultural Marketing Service has been working closely with midwestern assemblers developing a detailed picture of the marketing system for eggs and studying the costs involved in each of the services rendered after eggs are picked up from farms.

Accent On Quality

Our findings indicate that successful assemblers of eggs in the Midwest have to lay great stress on methods of handling that will maintain quality—both on farms and in their own operations—in order to sell their eggs profitably in the highly competitive big-city markets.

The procurement or buying program gets first attention from the assembler. Dealing directly with the producer, the

buyer knows at first hand how each producer handles eggs from the time they are laid until they are picked up at the farm.

Using company-owned trucks, assemblers move the eggs to their plants under controlled conditions. Daily pickup is practiced by some companies, particularly for eggs that are to be shipped long distances. Payment on a grade basis provides price incentives to producers who follow accepted methods of maintaining quality.

At the central assembly plant, it has been found most efficient to unload eggs immediately into a holding room equipped with humidity and temperature controls. Some plants hold the humidity at 80 percent and the temperature at 40° F.

A number of midwestern assemblers carton eggs at country points for shipment to consuming areas. The success of this type of operation depends to a great extent on a good procurement program and on fast movement of eggs to market. These assemblers strive to pick up eggs daily and to candle, carton,

Table 1.—Eggs: Percentage distribution by grade and size and prices paid to farmers per dozen in special study

Grade and size	July 1955		October 1955		January 1956		April 1956	
	By grades	Farm price	By grades	Farm price	By grades	Farm price	By grades	Farm price
	Per-cent	Cents	Per-cent	Cents	Per-cent	Cents	Per-cent	Cents
Grade A, Jumbo.....	5	33. 05	2	45. 00	0	-----	0	-----
Grade A, Large.....	64	33. 05	39	45. 00	72	40. 31	82	34. 64
Grade A, Medium.....	9	24. 80	30	32. 00	20	35. 88	6	29. 14
Grade A, Small.....	0	-----	15	22. 00	1	25. 81	0	-----
Grade B, Large.....	8	24. 80	4	32. 00	2	35. 88	3	29. 14
All other classified No. 2..	14	18. 94	10	22. 00	5	25. 81	9	25. 00
Total or average...	100	29. 69	100	34. 86	100	38. 42	100	33. 34



and send them on the way to consumers in less than 2 days.

Time in transit to most eastern cities averages about 3 days. Trucks hauling the eggs should be held at temperatures of 35° to 40°. Fast handling by receivers at the point of distribution is also necessary. Cartoned eggs sold under a brand name with a quality record usually are disposed of in a short time. They are sold mainly to regular customers, who can be depended upon to order far enough ahead of time to keep eggs moving to them at regular intervals.

A midwestern plant operating under most of the situations outlined above was studied in July and October 1955 and January and April 1956. Records were obtained on the yields of eggs (the percentage of eggs in various consumer grades), payments to producers, selling prices to retailers and other types of buyers, and costs of handling.

Table 1 shows how the eggs that producers supplied the plant varied according to grade and size in the months studied. In all periods, the largest percentage of eggs was Grade A Large but varied from 39 percent of all eggs in October to 82 percent in April. The price paid to farmers is shown for the different grades and months. The price of Grade A Large varied from 33 cents in July to 45 cents in October.

Farm Price

The average paying price for all eggs at the farm during the 4 month period was 34½ cents per dozen. The average selling price to retailers and others for all eggs, including cartoned and loose of all sizes and grades, was 45¾ cents per dozen. Retailers added another 10 cents per dozen which meant consumers were paying close to 56 cents per dozen for eggs for which the farmer received 34½ cents per dozen. The

spread between farm price and the retail price was 21½ cents per dozen.

Cost Breakdown

Table 2 shows the breakdown of the 21½ cents in handling and transportation costs per dozen that are included in the price consumers pay for eggs.

It is not practical to try to break down the retail margin for eggs, since retail costs are spread over thousands of items. However, the retail margin of 10 cents per dozen is about equal, as a percentage of the retail price of eggs, to average retail gross margins on all food items.

Robert M. Conlogue
Marketing Research Division, AMS

Table 2.—Eggs: Handling and transportation costs, retail margin, and farm-to-retail price spread in special study, 1955–56

Cost item	Cost per dozen
Country assembly plant:	
Procurement (pickup at farm).....	0. 68
Candling.....	. 74
Cartoning.....	. 94
Loading out.....	. 16
Supervision.....	. 33
Supplies.....	3. 50
Commission.....	. 31
Miscellaneous.....	. 54
Total.....	7. 20
Transportation.....	1. 05
City receiving plant:	
Warehouse.....	. 50
Trucks and sales.....	1. 75
Miscellaneous.....	1. 00
Total.....	3. 25
Combined cost of assembly, transportation, and receiving.....	11. 50
Retail gross margin.....	10. 00
Farm-to-retail price spread.....	21. 50

FOOD FATS AND OILS SUPPLY

ABOUT SAME AS LAST SEASON

The total supply of food fats and oils in the marketing year beginning October 1, 1956, will be about as large as in 1955-56.

Smaller supplies of cottonseed oil, lard and butter will be offset by increased output of soybean oil. Cottonseed oil production will be down due to a 10 percent reduction in the 1956 cotton crop estimated as of September 1.

Less Lard

Lard output is expected to fall considerably because of a probable drop of around 10 percent below last year in hog slaughter.

Output of inedible tallow and greases in October 1956-September 1957 is likely to fall off somewhat from the record 3.1 billion pounds of the year before. The decline will mainly reflect reduced slaughter of hogs.

Prices received by farmers for 1956 crop cottonseed probably will average somewhat above the CCC purchase price of \$44 per ton, basis grade 100, and the season average price received for the 1955 crop.

The total value of the products obtained from a ton of cottonseed this fall and early winter is likely to be moderately higher than last year.

Production of peanuts is down approximately 8 percent from 1955 but prospective supplies are above domestic requirements for edible and farm uses. CCC probably will acquire part of the crop and prices are likely to average near the support program loan value.

The 1956 soybean crop is estimated at a record 462 million bushels, nearly a fourth larger than last year's production. The prospective bumper crop is the result of the highest yields since 1949 and the largest acreage of record—nearly 21 million acres for harvest as beans.

Soybean prices during most of the 1956 harvesting season probably will fluctuate around the national average support level of \$2.15 per bushel.

The size of foreign crops, such as Mediterranean olive oil, African peanuts, and Indian and Chinese oilseeds, for which reasonably reliable estimates will not be available for another two or three months, is likely to have considerable influence on U. S. soybean prices later in the year.

Developments in the Suez Canal crisis could materially affect the European demand for U. S. oilseeds and oils. Large quantities of oilseeds, copra and oils normally move northward through the Canal from India, China, the Philippines, and other Far Eastern areas. If their movement is retarded or if their transportation costs increase, the competitive position of U. S. commodities would be strengthened.

As usual, prices next summer will be affected by new crop prospects.

Big Flaxseed Crop

Production of 1956 crop flaxseed was estimated September 1 to be 50 million bushels, about 22 percent more than in 1955, and the second largest crop on record.

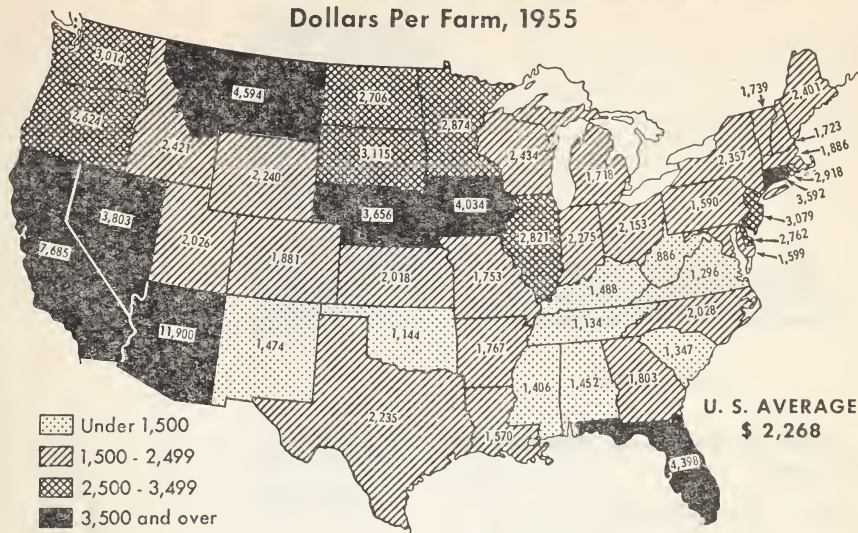
Stocks of flaxseed on July 1, 1956, totaled 4 million bushels, and stocks of linseed oil in terms of flaxseed totaled 7 million bushels. The total of 11 million bushels was about 38 percent less than on July 1, 1955.

Farm prices for flaxseed have been around the 1956 support level since the beginning of the crop year and are not expected to change materially during the rest of the marketing season. A substantial part of the 18 million bushel excess over estimated domestic use is likely to be delivered to CCC.

George Kromer
Agricultural Economics Division, AMS

REALIZED NET FARM INCOME

Dollars Per Farm, 1955



U. S. DEPARTMENT OF AGRICULTURE

NEG. 1955- 56 (9) AGRICULTURAL MARKETING SERVICE

FARMERS' cash receipts from marketings in the first 8 months of 1956 totaled about \$17.1 billion, or 2 percent more than in the same period last year.

Prices received by farmers during the first 8 months of this year averaged 2 percent below last year, but the volume of marketings was heavier.

The January-August total of cash receipts from livestock and livestock products is estimated at \$10.4 billion,

slightly above last year as larger receipts from milk and eggs more than offset declines for cattle and hogs.

Crop receipts of \$6.7 billion were up 3 percent, with larger receipts from cotton, fruits, and vegetables, but lower receipts from soybeans and tobacco.

Preliminary estimates indicate that cash receipts in July and August were up almost 4 percent from last year, with both prices and marketings slightly higher than in the same months of 1955.

FARMERS' PRICES

Indexes (1910-14=100)	1955		1956			
	Sept.	Year (average)	June	July	Aug.	Sept.
Prices received by farmers.....	235	236	247	244	237	236
Parity index (prices paid, interest, taxes, and wage rates).....	279	281	286	287	288	287
Parity ratio.....	84	84	86	85	82	82

Plentiful Foods

MONTHLY LIST

November

Pork, turkeys, and potatoes are featured.

Other plentifuls are:

Beef . . . Broilers and fryers . . .
 Eggs . . . Cabbage . . . Winter
 pears . . . Dates . . . Cranberries
 . . . Peanut butter . . . Milk and
 other dairy products . . . Rice . . .
 Fish sticks.

NEW BEEF FILM

Beef gets a lively, appealing presentation to the public in a new one-minute television film produced by USDA. The film depicts a strong man who eats plenty of beef, and emphasizes the best things about beef—its flavor, its body-building characteristics, the variety of fine beef dishes, and currently plentiful supplies. The film is a part of USDA's efforts to encourage beef consumption through the Plentiful Foods Program, and is being distributed to television stations for use as a "station break."

Farmer's share of consumer's food dollar

August 1956	41 percent
July 1956	41 percent
August 1955	40 percent

UNITED STATES
 DEPARTMENT OF AGRICULTURE
 AGRICULTURAL MARKETING SERVICE
 WASHINGTON 25, D. C.
 OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
 PAYMENT OF POSTAGE, \$300
 (GPO)